



FILED

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and
Electric Company for Wildfire
Mitigation and Catastrophic Events
Interim Rates. (U39E.)

Application 20-02-003

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

Application 20-02-003 was filed by Pacific Gas and Electric Company (PG&E) on February 7, 2020, seeking to recover, on an interim basis 85 percent, of the associated revenue requirement associated with the recorded costs in three memorandum accounts (the Fire Risk Mitigation Memorandum Account, the Wildfire Mitigation Plan Memorandum Account, and the Catastrophic Event Memorandum Account).

PG&E proposes to recover the interim revenue requirement of \$891 million over a 17-month period, from August 2020 through the end of 2021, or as soon as practicable following a final decision. If approved, the revenue requirement would be included in the Distribution Revenue Adjustment Mechanism in a future rate change filing.

PG&E is not seeking approval to recover these costs in this application, but will be seeking recovery later this year in one or more proceedings. PG&E states that should the final decision approving the costs approve a lower amount than PG&E is authorized to recover on an interim basis, it will refund the overcollection to customers with interest.

PG&E claims that the typical residential electric customer would see a bill increase of approximately five percent, or \$5.70 monthly over seventeen months.

PG&E also proposes the Commission make a policy determination that on a going forward basis it may recover via interim rates, subject to refund, significant accumulated balances in similarly situated memorandum accounts. PG&E proposes the Commission authorize interim rate relief whenever PG&E accumulates a total of \$100 million or more (on a revenue requirement basis) in memorandum accounts established to record costs associated with new Commission or legislative-mandated activities. PG&E proposes that in such circumstances it would be authorized to collect 85 percent of the revenue requirement.

PG&E claims that it has incurred substantial costs and that interim rates are justified for reasons of fairness and would result in greater equity in ratemaking. PG&E is not seeking a factual determination in this proceeding. It does claim that the Commission has broad authority to authorize interim rate relief, and that since the reasonableness and incrementality of the costs sought for interim recovery will be evaluated in one or more future proceedings there are no factual disputes in this proceeding that would require evidentiary hearings.

Protests to the Application were received from the Public Advocates Office, The Utility Reform Network (TURN), the Joint Community Choice

Aggregators (CCAs), and Wild Tree Foundation. In addition, Southern California Edison Company submitted a response, and San Diego Gas & Electric Company filed a motion for party status. PG&E submitted a Reply to Protests and Response on March 23, 2020.

Notice of the Application appeared on the Commission's Daily Calendar on February 11, 2020. Resolution ALJ 176-3456 was adopted on February 27, 2020 and preliminarily categorized this proceeding as ratesetting and determined that hearings were necessary.

A prehearing conference (PHC) was held on April 2, 2020, to discuss the issues of law, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. The assigned Administrative Law Judge (ALJ) preliminarily determined that no issues of fact have been identified that would be required to resolve for this Application. That determination is confirmed and thus we change the preliminary determination that hearings are necessary to hearings are not necessary.

As the necessitated by the directives of Governor Newsom, the PHC was held by teleconference, and the assigned ALJ provided a week for parties to comment on the proposed scope. The Joint CCAs, PG&E, TURN, and Wild Tree Foundation submitted comments on April 9, 2020. After considering the application, protests, reply, response, discussion at the PHC and comments on the proposed scope, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The issues to be determined are:

1. Consideration of whether PG&E's request to recover, on an interim basis subject to refund, \$891 million in revenue requirements related to wildfire related costs incurred

- mainly during 2017-2019 in certain memorandum accounts should be granted.
- a. Consideration of whether PG&E's proposal minimizes the cost incurred by ratepayers and provides better rate stability for PG&E customers.
 - b. Consideration of whether the proceedings underlying the memorandum accounts require a reasonableness review before any recovery is approved.
 - c. Consideration of whether "an interim basis subject to refund" is just and reasonable under Section 451 of the Pub. Util. Code.
2. Consideration of whether PG&E's proposal to recover, on an interim basis subject to refund, the authorized revenue requirements over a 17-month period, as soon as practicable following a final decision, should be granted.
- a. Consideration of whether PG&E has demonstrated that recovering \$891 million in 2020 and 2021 rather than in future years (*e.g.*, 2021 and 2022) is fair to the utility and ratepayers.
 - b. Consideration of whether any alternative rate increase proposals should be considered.
 - c. Consideration of what, if any, additional reporting requirements should be adopted.
 - d. Consideration of the appropriate regulatory accounting process to effectuate the proposed recovery, on an interim basis subject to refund, the authorized revenue requirements.
3. Consideration of whether PG&E's proposal for interim rate relief whenever PG&E accumulates a total of \$100 million or more (in revenue requirement equivalent) in one or more memorandum accounts for new mandated activities should be granted.

3. Need for Evidentiary Hearing

There are no issues of material disputed fact. Accordingly, I change the preliminary determination in Resolution ALJ-176-3456 and find that an evidentiary hearing is not needed on these issues.

4. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the Application:

Event	Date
Comments on Proposed Scope	April 9, 2020
Opening briefs	April 29, 2020
Reply briefs	May 8, 2020
Proposed decision	May 25, 2020
Commission decision	June 25, 2020

The organization of briefs must correlate to the identified issues.

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code section 1701.5.

5. Alternative Dispute Resolution Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.¹

¹ See Decision 07-05-062, Appendix A, § IV.O.

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and *Ex Parte* Restrictions

This ruling confirms the Commission's preliminary determination in Resolution ALJ-176-3456 that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Pub. Util. Code section 1711.(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

8. Intervenor Compensation

Pursuant to Pub. Util. Code section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by May 4, 2020, 30 days after the PHC.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the

“Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

In view of the COVID-19 pandemic and the various shelter in place orders, Commission Rule of Practice and Procedure, Rule 1.10 (e) requirement to serve paper copies of all e-filed documents to the ALJs is suspended for the duration of this proceeding. Therefore, when serving documents on the ALJ, whether or not they are on the official service list, parties must only provide electronic service.

Parties must not send hard copies of documents to the ALJ unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9.(f).

12. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10. requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

13. Assignment of Proceeding

Marybel Batjer is the assigned commissioner and Robert Haga is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is set forth above.
3. Evidentiary hearing is not needed.
4. The presiding officer is Administrative Law Judge Robert Haga.

5. The category of the proceeding is ratesetting.

This order is effective today.

Dated April 14, 2020, at San Francisco, California.

/s/ MARYBEL BATJER

Marybel Batjer
Assigned Commissioner